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Report Highlights:

India asks United States to cut farm subsidies to take WTO talks forward, *India to adopt cautious approach at Geneva WTO Meeting*, *BANGLADESH National Biotech Policy approved*, *Vegetable oil tariff values hiked*, *Government allows zero duty wheat imports*, *2006 wheat production estimate further lowered*, *Food recall system to be introduced*, *KFC plans to open nine Indian outlets this year*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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INDIA ASKS UNITED STATES TO CUT FARM SUBSIDIES TO TAKE WTO TALKS FORWARD

New Delhi: Ahead of the WTO's latest effort to revive the stalled trade talks, India today asked the United States to make substantial cuts in farm subsidies, and made it clear there would not be any compromise on sensitive agricultural products that would hurt subsistence farmers. "The US must make real, effective and substantial cuts in farm support that distorts global trade. The artificiality in agricultural prices because of the huge subsidies will have to go," Commerce Minister Kamal Nath told reporters here.

Nath, who would be going to Geneva for the crucial G-6 meeting of key trading nations on July 23-24, said developed countries must correct the "structural flaws" in farm trade. He said India has negotiating space and a lot of flexibility in Sensitive Products. But any imports that jeopardize food security and livelihood concerns of farmers would not be allowed, he said.

When asked whether India has accepted the Swiss formula for tariff reductions in industrial goods, he said the issue was not of formula but rather of co-efficients that would determine the tariff cuts by developing and developed nations.

"Developed countries must realize it is a development round," he said, adding the Doha round of talks must promote trade flows towards developing countries.

Nath's comments came just days ahead of the meeting of World Trade Organization heavyweights that would attempt to salvage the floundering Doha Round negotiations.

Trade negotiators of the G-6 --- comprising India, Australia, European Union, Japan, Brazil and the United States - will hold crunch talks on July 23-24 and also on July 28-29. (Source: Press Trust of India, 07/21/06)

INDIA TO ADOPT CAUTIOUS APPROACH AT GENEVA WTO MEETING

India will adopt a "cautious approach" at next week's ministerial meeting of the G-6 countries, which has been convened to break the current deadlock in the WTO talks. Ministry officials said that India will look at the additional concessions other members have to offer before making fresh moves. Agriculture is one area where India is not prepared to show any flexibility. On the contrary, India has warned that its flexibility in the negotiations on industrial goods was subject to the developed countries agreeing to bring down their agricultural subsidies. (Source: Economic Times, 07/21/06)

BANGLADESH: NATIONAL BIOTECH POLICY APPROVED

A meeting of the National Taskforce on Biotechnology of Bangladesh (NTFBB), chaired by Prime Minister Khaleda Zia, on July 19 approved the National Biotech Policy, as prepared by

the Ministry of Science, Information, and Communication Technology. The new policy allows genetic engineering research, and opens up new possibilities of innovation and development involving living cells. The policy emphasizes protecting indigenous community knowledge, collective innovations, and community rights. Action programs will begin immediately to develop biotechnology in the country in various sectors like agriculture, health, industry, and environment. Under the policy, legal measures will be taken to achieve a balanced system to protect the interests of the innovators as well as the public interest. (Source: The Daily Star, 07/20/06)

VEGETABLE OIL TARIFF VALUES HIKED

The Central government increased the tariff values for crude soybean oil and the palm-group oils by \$37 per ton and \$4 to \$16 per ton, respectively, effective July 14, 2006. Subsequently, the current tariff value of crude soybean oil is \$566 per ton. Kotak CSL Research, a private agency, predicts that under the current tariff scenario and the mounting uncertainty over the import of biotech soybean oil, crude soybean oil prices could surge further.

The table given below shows the revised tariff values for vegetable oils:

Oil	Previous (\$ per ton)	Revised (\$ per ton)
Crude Palm Oil	428	432
RBD Palm Oil	443	459
Other-Palm Oil	434	446
Crude Palmolein	450	460
RBD Palmolein	453	463
Other-Palmolein	452	462
Crude Soybean Oil	529	566

(Source: Business Line, 07/15/06)

Post Comment: The Custom Notification is available at: www.cbec.gov.in/cae/customs/cs-act/notifications/notfns-2k6/csnt82-2k6.htm

GOVERNMENT ALLOWS ZERO DUTY WHEAT IMPORTS

The Indian government decided to allow duty-free wheat imports by private traders to rein in retail prices and to dampen inflationary expectations. It is tantamount to revising the earlier decision of the Cabinet to peg the duty at 5 percent. Sources said the immediate provocation was the limited success the government had in moderating wheat prices in the retail market. (Source: Hindustan Times, 07/19/06)

Post Comment: This decision has not yet been officially notified.

2006 WHEAT PRODUCTION ESTIMATE FURTHER LOWERED

The government has further lowered its estimate of the 2006 wheat harvest to 69.48 million tons from the earlier 71.54 million tons, and the 73.06 million tons before that. It shows that the government underestimated the shortfall in wheat production. The MY 2005/26 rice production estimate was revised marginally upward to 91.04 million tons, and the pulse production estimate was revised lower to 13.1 million tons. (Source: Business Line, 07/18/06)

Post Comment: The revised government estimates are available at:
<http://dacnet.nic.in/eands/advest/4-adv-est-2005-06.pdf>

FOOD RECALL SYSTEM TO BE INTRODUCED

Taking a cue from developed countries, the Indian government plans to introduce a recall system for hazardous foods. On June 6, 2006, the Ministry of Health and Family Welfare issued a draft notification to amend the Prevention of Food Adulteration Rules, 2005, to set up a mechanism for recall of hazardous food. Accordingly, the production, sale, and exhibition of the prepacked food would be allowed only if the concerned person or agency puts in place a recall system for the food, in the event it is found to be adulterated, misbranded, or injurious to health. The Ministry invited comments on this draft notification within sixty days. (Source: Financial Express, 07/17/06)

Post Comment: See GAIN Report IN6054. The GOI notified the food recall proposal to the WTO on July 18, 2006.

KFC PLANS TO OPEN NINE INDIAN OUTLETS THIS YEAR

Kentucky Fried Chicken (KFC), the global food chain, is aggressively working on its expansion plans in India. KFC plans to add nine outlets to the 16 it currently has in some major metropolitan cities; out of these, more than 80 percent are operated through the franchisee model. (Source: Financial Express, 07/19/06)

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